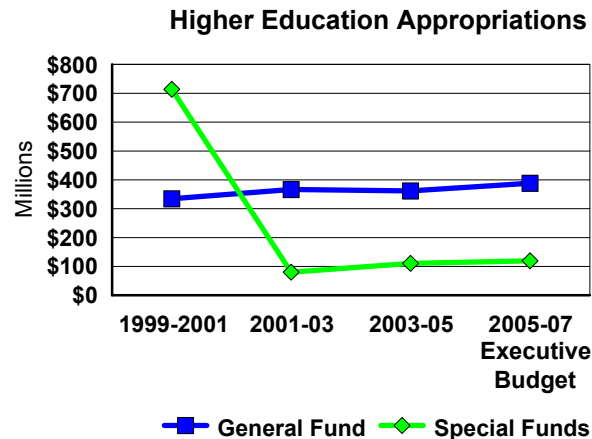


## HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2005-07 executive budget recommends the following higher education funding changes compared to 2003-05 legislative appropriations for higher education:

- Increases **general fund** support by \$26,696,649, or 7.4 percent, due in part to increasing funding for campus operations by approximately \$24.8 million. Provides \$388.2 million, or 19.3 percent, of total general fund appropriations.
- Increases support from **special funds** by \$9,082,333, or 8.2 percent, due to increasing major capital projects funded from special funds by approximately \$8.1 million.
- Adjusts the authorized number of **FTE positions** from 2,400.38 to 2,196.67 to adjust the number of FTE positions to the level supported by the general fund.



Biennium	General Fund	Special Funds	Total
1999-2001	\$334,449,287	\$713,538,799	\$1,047,988,086
2001-03	\$366,953,836	\$80,367,201	\$447,321,037
2003-05	\$361,541,418	\$110,546,775	\$472,088,193
2005-07 - Executive budget	\$388,238,067	\$119,629,108	\$507,867,175

The special funds amounts prior to 2001-03 reflect the appropriation of tuition and local funds.

Key recommendations include:

- The consolidation of the **higher education institutions' operating and extraordinary repair budgets** into two line items in the University System office budget--campus operations and contingency, extraordinary repairs, and capital emergency.
- Funding of \$6,376,288, of which \$6,204,288 is from the general fund and \$172,000 is from federal funds for the **student financial assistance grant program**. The funding includes \$2 million from the general fund for a new student financial assistance grant child care component. This level of funding represents a total funds increase of \$3,446,073 from the 2003-05 legislative appropriation of \$2,930,215.
- Funding of \$7,114,339 from the general fund is recommended for **contingency, extraordinary repairs, and capital emergency funding**. This represents an increase of \$5,361,572 from the 2003-05 legislative appropriation of \$1,752,767, of which \$296,693 was from the general fund and \$1,456,074 was from the water development trust fund. The funding is to be used for campus extraordinary repairs and unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education.
- Funding of \$5,190,000 from the general fund is recommended for **competitive research** matching funding. This represents an increase in funding of \$440,000 from the 2003-05 legislative appropriation of \$4,750,000.
- Funding of \$915,940 from the general fund for **board initiatives** to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The funding includes \$449,798 for an economic enhancement initiative that would target out-of-state and out-of-country recruitment. This level of funding represents an increase of \$744,104 from the 2003-05 adjusted appropriation of \$171,836.
- A **common information services pool** of \$21,924,083 from the general fund is provided for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes \$3,368,300 for information technology priorities, including parity (\$1,018,300), network growth

- (\$825,000), antivirus software licenses (\$175,000), an ODIN service librarian (\$100,000), a systemwide learning management system (\$950,000), and IVN equipment refurbishment (\$300,000). This represents an increase of \$3,368,300 from the 2003-05 adjusted appropriation of \$18,555,783.
7. Funding of \$1,350,000 from the general fund for **professional liability insurance**. This represents a decrease in funding of \$500,000 from the 2003-05 legislative appropriation of \$1,850,000.
  8. A **campus operations** line item of \$319,927,548 from the general fund is provided for support of the operations of the higher education institutions. No less than \$300,848,627 must be allocated to support base campus operations with the additional funds being available for parity and equity. This level of funding represents an increase in funding for campus operations of \$24.8 million from the 2003-05 legislative appropriations.
  9. Funding of \$131,290,485 is provided for **capital assets**, including:
    - \$14,278,141 for capital construction lease payments.
    - \$2,368,192 for campus extraordinary repairs.
    - \$114,644,152 for major capital projects.Of the \$131,290,485, \$13,693,904 is from the general fund, \$2,500,000 is from federal funds, \$106,760,024 is from special funds, including revenue bonds, and \$8,336,557 is from bond proceeds. Please refer to the schedules under the "Capital Construction" section for additional information regarding capital improvements.

10. The **continuation of the following statutory provisions**:
  - The continuing appropriation authority for higher education institutions' special revenue funds, including tuition.
  - The requirement that the budget request for the North Dakota University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the North Dakota University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.
  - The North Dakota University System's authority to carry over at the end of the biennium unspent general fund appropriations.Senate Bill Nos. 2034, 2035, and 2036 (2005) as recommended by the interim Higher Education Committee provide for the continuation of these statutory provisions through June 30, 2007. The executive budget recommendation provides for the continuation of the provisions without a sunset clause.